International Paper Company

Reconciliation of Non-GAAP Financial Measures

This presentation includes certain non-U.S. GAAP financial measures. The calculation of these measures, and a reconciliation to previously reported comparable measures calculated in accordance with U.S. generally accepted accounting principles (GAAP) is shown below. The Company believes that this information, when used in conjunction with information presented in accordance with U.S. GAAP, can facilitate a better understanding of the impact of various factors and trends on the Company's financial condition and results of operations. The Company believes that this information should be used in conjunction with the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2009 and subsequently publicly filed financial reports.

International Paper Company
Calculation of EBITDA before Special Items

| $ Millions | 2008 Full Year | 2009 1st Quarter | 2009 2nd Quarter | 2009 3rd Quarter | 2009 Year to Date |
|---|---|---|---|---|---|
| Earnings from Continuing Operations Before Interest, Income Taxes, Equity Earnings and Cumulative Effect of Accounting Changes | (661) | 682 | 693 | 758 | 2,133 |
| Depreciation, amortization and cost of timber harvested | 1,347 | 343 | 367 | 378 | 1,088 |
| Special Items: | | | | | |
| Restructuring and other charges | 409 | 83 | 79 | 151 | 313 |
| CBPR business integration costs | 45 | 36 | 18 | 18 | 72 |
| Alternative fuel mixture credit | - | (540) | (482) | (525) | (1,547) |
| Net losses on sales and impairments of business held for sale | 106 | - | 48 | - | 48 |
| Forestland Sales | (6) | - | - | - | - |
| Impairment of Goodwill | 1,777 | - | - | - | - |
| EBITDA before Special Items | 3,017 | 604 | 723 | 780 | 2,107 |
| Annualized EBITDA before Special Items | 3,017 | 2,416 | 2,892 | 3,120 | 2,809 |

**International Paper Company**
**Reconciliation of Earnings Before**
**Special Items to Net Earnings**
(In millions except for per share amounts)

| | 2009 | | | | |
|---|---|---|---|---|---|
| | First Quarter | Second Quarter | Third Quarter | Fourth Quarter | Year to Date |
| **Earnings Before Special Items** | $ 34 | $ 86 | $ 157 | $ - | $ 277 |
| Restructuring and other charges | (65) | (55) | (95) | - | (215) |
| CBPR business integration costs | (22) | (11) | (11) | | (44) |
| Alternative fuel mixture credits | 330 | 294 | 320 | | 944 |
| Impairments of goodwill | - | - | - | - | - |
| Net losses on sales and impairments of businesses | - | (48) | - | - | (48) |
| Income tax adjustments | (20) | (130) | - | - | (150) |
| **Earnings from Continuing Operations** | 257 | 136 | 371 | - | 764 |
| Discontinued Operations | - | - | - | - | - |
| **Net Earnings as Reported** | $ 257 | $ 136 | $ 371 | $ - | $ 764 |

| | 2009 | | | | |
|---|---|---|---|---|---|
| **Diluted Earnings per Common Share Attributable to International Paper Co. Common Shareholders** | First Quarter | Second Quarter | Third Quarter | Fourth Quarter | Year to Date |
| **Earnings Per Common Share Before Special Items** | $ 0.08 | $ 0.20 | $ 0.37 | $ - | $ 0.65 |
| Restructuring and other charges | (0.15) | (0.13) | (0.22) | - | (0.50) |
| CBPR business integration costs | (0.05) | (0.03) | (0.03) | | (0.11) |
| Alternative fuel mixture credits | 0.78 | 0.69 | 0.75 | | 2.21 |
| Net losses on sales and impairments of businesses | - | (0.11) | - | - | (0.11) |
| Income tax adjustments | (0.05) | (0.30) | - | - | (0.35) |
| **Earnings from Continuing Operations** | 0.61 | 0.32 | 0.87 | - | 1.79 |
| Discontinued Operation | - | - | - | - | $ - |
| **Earnings Per Common Share as Reported** | $ 0.61 | $ 0.32 | $ 0.87 | $ - | $ 1.79 |

**International Paper Company**
**Reconciliation of Earnings Before**
**Special Items to Net Earnings**
(In millions except for per share amounts)

| | 2008 | | | | |
|---|---|---|---|---|---|
| | First Quarter | Second Quarter | Third Quarter | Fourth Quarter | Year to Date |
| **Earnings Before Special Items** | $ 175 | $ 235 | $ 356 | $ 89 | $ 855 |
| Restructuring and other charges | (26) | (9) | (96) | (132) | (263) |
| CBPR business integration costs | - | - | - | (16) | (16) |
| Alternative fuel mixture credits | - | - | - | | - |
| Net gains (losses) on sales and impairments of businesses | 1 | | (84) | - | (83) |
| Forestland sales | - | 2 | 2 | - | 4 |
| Impairment of goodwill | - | - | - | (1,777) | (1,777) |
| Income tax adjustments | - | - | (29) | 40 | 11 |
| **Earnings from Continuing Operations** | 150 | 228 | 149 | (1,796) | (1,269) |
| Discontinued Operations | (17) | (1) | - | 5 | (13) |
| **Net Earnings (Loss) as Reported** | $ 133 | $ 227 | $ 149 | $ (1,791) | $ (1,282) |

| | 2008 | | | | |
|---|---|---|---|---|---|
| | First Quarter | Second Quarter | Third Quarter | Fourth Quarter | Year to Date |
| **Diluted Earnings per Common Share** | | | | | |
| **Earnings Per Common Share Before Special Items** | $ 0.41 | $ 0.56 | $ 0.84 | $ 0.21 | $ 2.01 |
| Restructuring and other charges | (0.06) | (0.02) | (0.23) | (0.31) | $ (0.62) |
| CBPR business integration costs | - | - | - | (0.04) | $ (0.04) |
| Alternative fuel mixture credits | - | - | - | - | |
| Insurance Recoveries | - | - | - | - | - |
| Reversal of reserves no longer required | - | - | - | - | - |
| Net gains (losses) on sales and impairments of businesses | - | - | - | - | $ - |
| Forestland sales | | - | - | - | - |
| Impairment of goodwill | | - | - | - | - |
| Interest income | - | - | - | - | - |
| Income tax adjustments | - | - | - | - | - |
| Net gains (losses) on sales and impairments of businesses | | | (0.20) | | (0.19) |
| Forestland sales | | | | | 0.01 |
| Impairment of goodwill | | | | (4.22) | (4.22) |
| Income tax adjustments | | | (0.06) | 0.10 | 0.03 |
| **Earnings from Continuing Operations** | 0.35 | 0.54 | 0.35 | (4.26) | (3.02) |
| Discontinued Operation | (0.04) | - | - | 0.01 | $ (0.03) |
| **Earnings (Loss) Per Common Share as Reported** | $ 0.31 | $ 0.54 | $ 0.35 | $ (4.25) | $ (3.05) |

Reconciliation of Non-GAAP Information to U.S. GAAP

Calculation of EBITDA Margin before Special Items

| | Q3 2009 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| $ Millions | North American Industrial Packaging | European Industrial Packaging | North American Printing Papers | Western Europe Printing Papers | Eastern Europe & Russian Printing Papers | Brazilian Printing Papers | U.S. Market Pulp | U.S. Coated Paperboard |
| Earnings from Continuing Operations Before Interest, Income Taxes, Minority Interest, Equity Earnings and Cumulative Effect of Accounting Changes | 404 | 6 | 254 | (6) | 34 | 36 | 45 | 124 |
| Depreciation, amortization and cost of timber harvested | 158 | 8 | 58 | 5 | 15 | 32 | 10 | 35 |
| Special Items: | | | | | | | | |
| Restructuring and other charges | 18 | 7 | 1 | | | | | |
| Alternative Fuel Mixture credits | (221) | | (163) | | | | (63) | (78) |
| EBITDA before Special Items | 359 | 21 | 150 | (1) | 49 | 68 | (8) | 81 |
| Less: Recycling and Bag businesses EBITDA | 2 | | | | | | | |
| Less: Market Pulp business EBITDA | | | | (1) | (9) | | | |
| EBITDA before Special Items after Exclusions | 357 | 21 | 150 | - | 58 | 68 | (8) | 81 |
| Net Sales | 1,887 | 238 | 724 | 85 | 215 | 274 | 154 | 354 |
| Less: Recycling and Bag businesses Net Sales | 85 | | | | | | | |
| Less: Market Pulp business Net Sales | | | | 15 | 13 | | | |
| Net Sales after Exclusions | 1,802 | 238 | 724 | 70 | 202 | 274 | 154 | 354 |
| EBITDA Margin | 19.8% | 8.8% | 20.7% | 0.0% | 28.7% | 24.8% | -5.2% | 22.9% |